

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	29 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen Fuel Poverty Fund
REPORT NUMBER	CUS/22/130
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Derek McGowan / Jacqui McKenzie
REPORT AUTHOR	Paul Tytler
TERMS OF REFERENCE	21

1. PURPOSE OF REPORT

- 1.1 This report seeks the approval of a scheme to deliver the £1,000,000 Aberdeen Fuel Poverty Fund, setting out national and local context and proposing that the fund is used for wider anti-poverty measures in the city.

2. RECOMMENDATION

- 2.1 That Council approve that the £1,000,000 Fuel Poverty Fund is considered in the wider Cost of Living Support report due to be heard at the Operational Delivery Committee on the 31 August 2022.

3. CURRENT SITUATION

- 3.1 At the Council meeting held on 7 March 2022 the Chief Officers - Early Intervention and Community Empowerment and Customer Experience were instructed to prepare the details of a scheme to allocate £1,000,000 for an Aberdeen Fuel Poverty Fund to help the most vulnerable in our community with energy costs.
- 3.2 The table below sets out the Fuel Poverty Fund direction in the context of key national policy decisions on energy costs. Further detail on these schemes is provided in Appendix 1.

Date	Detail	Impact / predicted impact	Population level
10 Feb 2022	SG £150 Council Tax (A-D)	Mitigate cost of living pressure	73% of households
10 Feb 2022	Fuel Insecurity Fund	Mitigate energy costs and use	Target groups
7 th March	Fuel poverty fund	Mitigation of fuel poverty in Aberdeen	Targeted but tbc
25 May 2022	UK Gov £400 Energy bills	Mitigate energy cost increases	Whole population

25 May 2022	UK Gov £650	Mitigate cost of living – payments from 14 July	Targeted to those in receipt of means tested benefits
25 May 2022	UK Gov £300	Mitigate Pensioner Cost of Living – payment in November 2022	Targeted to those over state pension age
25 May 2022	UK Gov £150	Mitigate disability cost of living – payments from September 2022	Targeted to people with disabilities in receipt of benefits
Oct 2022	Projected 46% rise in energy cap	Increase in fuel poverty	Whole population

- 3.3 These national schemes assist in the mitigation of fuel poverty, mitigating energy cost increases but not tackling underlying fuel poverty, and target those households that were intended to benefit from the Council decision on the 7 March.
- 3.4 Commentary on these schemes has highlighted their positive impact but noted that they represent mitigation of the recent increase in the cost of household fuel.
- 3.5 The Resolution Foundation commented 'all measures announced this year to support households will in effect offset 82 per cent of the rise in households' energy costs in 2022-23, rising to over 90 per cent for poorer households'.
- 3.6 Money Advice Scotland commented that “We are pleased to see some much-needed support being introduced to help with the worsening cost of living crisis. These measures should provide some relief for those most affected and we are pleased to see support being directed to those on the lowest incomes”
- 3.7 The Poverty Alliance commented “It’s good that there is extra help being put in place for the poorest and most vulnerable households. The £650 grant going into the pockets of those on the lowest incomes, and the additional £150 for those who are also disabled, is support that is urgently needed. Together with the £400 energy bill deduction for all households, this will provide a safety net for those most impacted by the rising cost of living”.
- 3.8 While the schemes above aim to tackle the effect of fuel poverty through mitigating the recent increases in the cost of household fuel, it is believed relevant to show that fuel poverty is only one aspect of poverty being experienced in the city.
- 3.9 Other significant types of poverty experienced locally in addition to Fuel poverty include Child Poverty, Food Poverty and In Work Poverty, with a strong partnership response in place to tackle and mitigate against both the drivers and outcomes of poverty. This work is evident through Council service delivery,

and through Community Planning Aberdeen. The following sections outline work already ongoing in these areas.

- 3.10 The national Child Poverty Action Plan identifies national measures planned to support six key themes:
- Lone parent families
 - Minority ethnic families
 - Families with a disabled adult or child
 - Families with a younger mother (under 25)
 - Families with a child under 1
 - Larger families (3+ children)
- 3.11 Aberdeen's Child Poverty Action Report was agreed at Operational Delivery Committee in January 2022, and sets out local measures taken and planned to mitigate child poverty.
- 3.12 Research by the Joseph Rowntree Foundation identifies current stressors, other than household fuel costs, in the system that can increase poverty such as food costs, childcare costs, and motoring and other travel costs. Together, these equate to a rise in costs of 13% compared with last year.
- 3.13 The Office of National Statistics have recently demonstrated that the standard basket of 30 items has increased in cost by 6-7%, including everyday grocery items. Locally, CFINE are reporting a 50% increase in demand for emergency food since January 2022, an increase in partner referrals between April and May this year of 35%, with overall clients engaged during those two months increasing by 62%.
- 3.14 The cost of petrol and diesel has recently increased at the highest daily rate and is expected to increase further. 8th June saw the biggest daily rise in fuel costs in 17 years, with expectations that the cost of filling an average family car will soon reach £100.
- 3.15 There is no local information at this time about any cost of living impact on the cost or uptake of childcare, however the Joseph Rowntree Foundation suggest an increase of £65 in childcare costs is being experienced.
- 3.16 The Resolution Foundation show that poverty rates fall from 35% to 18% when household members move into employment, and that 37% of Universal Credit claimants in Scotland are in work. The claimant count in Aberdeen in April 2022 was 3.6%, having decreased on the year at a similar level to the whole of Scotland (down 2.5%). The number of job postings in Aberdeen increased in the year to April 2022 by 222% (second highest in Scotland) and increased from March 22 to April 22 by 51%. This demonstrates an improved employment position in the city but with Skills Development Scotland stating that pre covid

levels of employment are not expected before 2031, there will be an ongoing need to support people into employment.

3.17 These factors demonstrate that there are ongoing challenges when mitigating poverty in the city. Work is already underway at a Council and partnership level, for example:

- Employability and skills through the ABZ Works programme
- Increasing access to and take up of benefits, and financial inclusion advice
- Continuing to extend the community pantry model in priority neighbourhoods
- Support provided to households and families through various services
- The provision of the Fairer Aberdeen Fund and grants to community organisations across the city
- The distribution of the Hardship Grant funding

4. IDENTIFIED OPTION

4.1 In examining how the £1m Fuel Poverty Fund could be best distributed, options were investigated alongside partner organisations and Council services to deliver a scheme that would meet the following aims:

- help the most vulnerable with energy costs,
- ensure administration costs of the scheme are kept to a minimum,
- deliver the scheme quickly,
- maximise the number of recipients as far as possible.

4.2 Having assessed the fuel poverty measures introduced since 7 March, and the ongoing work to tackle poverty in all its form in the city, Officers believe that there is sufficient support at a national level to mitigate household fuel price increases at the moment to allow consideration of other options in making this fund available to tackle poverty. In addition, the City Growth and Resources Committee on 21 June will consider proposals under the Local Authority Covid Recovery Fund. The details are being finalised but will include a proposal for c£350k for hardship funding to support vulnerable people and families with a range of supports including food and fuel. Finally, the Operational Delivery Committee will consider a report on the cost of living on the 31 August.

4.3 Officers are therefore recommending that the £1,000,000 Fuel Poverty Fund is made available for the wider Cost of Living Support report due to be heard at the Operational Delivery Committee on the 31 August.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial recommendations arising from this report.

6. LEGAL IMPLICATIONS

6.1 There are no direct legal implications arising from the recommendations of this report.

7. ENVIRONMENTAL IMPLICATIONS

7.1 There are no direct environmental implications arising from the recommendations of this report.

8. RISK

8.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk		No significant risk identified		Yes
Compliance		No significant risk identified		Yes
Operational		No significant risk identified		Yes
Financial		No significant risk identified		Yes
Reputational		No significant risk identified		Yes
Environment / Climate		No significant risk identified		Yes

9. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
<p>Aberdeen City Council Policy Statement</p> <p>Reduce fuel poverty across our most deprived communities through combined heat and power schemes including the Energy from Waste Plant and supporting community owned energy solutions</p>	<p>This proposal helps reduce fuel poverty by providing additional monies to help low-income households with energy costs.</p>
<u>Aberdeen City Local Outcome Improvement Plan</u>	

Prosperous Economy Stretch Outcomes	The proposal to provide additional monies to help with energy costs supports the delivery of LOIP Stretch Outcome 1 - No one will suffer due to poverty by 2026

10. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required
Other	N/A

11. BACKGROUND PAPERS

11.1 None

12. APPENDICES

12.1 Additional Cost of Living and Energy Cost measures

13. REPORT AUTHOR CONTACT DETAILS

Name	Paul Tytler
Title	Locality Inclusion Manager
Email Address	ptytler@aberdeencity.gov.uk
Tel	01224 523656

Appendix 1

Additional Cost of Living and Energy Cost measures

Award	Detail	Population level
Cost of Living Award	<p>£150 credit to Council Tax bills for</p> <ul style="list-style-type: none"> • A person who lives in a dwelling in any Council Tax valuation band, is liable for Council Tax and is in receipt of Council Tax Reduction. • A person who lives in and is liable for Council Tax for a band A-D dwelling and does not receive Council Tax Reduction • A person who lives in a dwelling in any Council Tax Band and receives one of the following exemptions: <ul style="list-style-type: none"> • Exemption due to all the occupants are under 18. • Exemption due to all the occupants are care leavers. • Council Tax Exemption due to all the occupants are severely mentally impaired. • Exemption due to the property is unoccupied because the resident has gone to someone else's home to provide care, or the resident receives care elsewhere 	Targeted
Energy Bill Support Scheme.	All domestic energy customers in Great Britain will receive a £400 grant to help with the cost of their energy bills through the Energy Bill Support Scheme.	Whole
£650 Cost of Living payment for those on benefits	More than 8 million households on means tested benefits will receive a payment of £650. This includes all households who receive Universal Credit, Income-based Jobseekers Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit, Pension Credit. Department of Work and Pensions will make the payment in two lump sums – the first from July, the second in the autumn. Payments from HMRC for those on Tax Credits only will follow shortly after	Targeted

	each to ensure there are no duplicate payments. The government will make these payments directly to households across the UK.	
£300 Pensioner Cost of Living Payment	All pensioner households will receive an extra £300 to help them cover the rising cost of energy this winter. This payment will go to the over 8 million pensioner households who receive the Winter Fuel Payment. The Pensioner Cost of Living Payment will come as a top-up to annual Winter Fuel Payments in November/December. The government will make these payments directly to households across the UK.	Targeted
£150 Disability Cost of Living Payment	People with disabilities will receive an extra £150 to help with the extra costs they face. Six million people who receive Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Scottish Disability Benefits, Armed Forces Independence Payment, Constant Attendance Allowance and War Pension Mobility Supplement will receive the support as a one-off payment in September. The government will make these payments directly to households across the UK.	Targeted
The Warm Homes Discount	2.2 million low-income households receive a £140 rebate on their energy bills. From 2022, proposed changes will see the scheme be worth £475 million a year with nearly 3 million households receiving a £150 rebate.	Targeted
Winter Fuel Payments	Providing payments of £200 for households with someone of State Pension Age, or £300 for Households with someone aged 80 or over. bills.	Targeted
Cold Weather Payments	£25 extra a week for poorer households when the temperature is zero or below.	Targeted
Child Winter Heating Assistance Payment	£214.10 for an eligible child or young person in the household. Paid once a year to those in receipt of highest rate of Disability Living Allowance/Child Disability Payment or enhanced rate of daily living Personal Independence Payment.	Targeted

Fairer Aberdeen Funding and revenue grant funding	Value of commitment and impact TBC	Whole and targeted
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